

Message Text

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BRUSSELS FOR MARATT BARON

E.O. 11652: N/A
TAGS: ETRN, OECD
SUBJECT: JAN. 23-24 MEETING OF AD HOC WORKING PARTY OF
THE COUNCIL ON MEASURES CONCERNING OIL CARRIERS -
CONCLUSIONS/RECOMMENDATIONS OF FINAL REPORT (C(77)208)

I. FOLLOWING IS TEXT OF CHAPTERS CONTAINING CONCLUSIONS
AND RECOMMENDATIONS OF AD HOC GROUP'S FINAL REPORT.
BEGIN TEXT, STARTING WITH CHAPTER 26 -
CONCLUSIONS:

26. WHILE ASSESSING THE FOUR MEASURES WHICH WERE
ADOPTED BY THE AD HOC HIGH LEVEL MEETING ON 13/14 MAY
1977 AS THOSE MOST WORTHY OF CONSIDERATION IN EFFORTS
TO ALLEVIATE THE WORLD OIL CARRIER SITUATION, THE AD
HOC WORKING PARTY REACHED THE FOLLOWING PRINCIPAL CON-
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CLUSIONS:
A) GENERAL
(I) OF THE FOUR PRIORITY MEASURES REFERRED TO THE
PARTY, THE MEASURE OF RSBT TO EXISTING TANKERS, COM-
BINED WITH THE CBT SYSTEM AS AN INTERIM MEASURE, ARE
THE ONLY ONES WHICH, SUBJECT TO INTERNATIONAL AGREEMENT
ON A SUFFICIENTLY SHORT TIME SCALE, CAN MAKE ANY SIGNI-

FICANT CONTRIBUTION TO THE WORLD OIL CARRIER SITUATION.

B) MULTILATERAL ANTIPOLLUTION AGREEMENTS

(II) THE PURSUIT OF MULTILATERAL ANTIPOLLUTION AGREEMENTS ON A REGIONAL BASIS IN ANTICIPATION OF THE ENTRY INTO FORCE OF THE 1973 MARINE POLLUTION CONVENTION SHOULD BE CONSIDERED WITH RELATION ONLY TO THEIR BENEFITS TO POLLUTION PROTECTION RATHER THAN ANY LIMITED BENEFIT THEY MAY CONFER UPON OTHER SECTORS.

C) RETROFITTING OF SEGREGATED BALLAST TANKS IN EXISTING VESSELS

(III) THE SAVINGS IN OIL POLLUTION CLEAN-UP COSTS (ACCORDING TO PRESENT PRACTICE), AND THE VALUE OF THE RECOVERED OIL ARE RELATIVELY INSIGNIFICANT IN RELATION TO THE HIGH COSTS (DIRECT AND INDIRECT) OF THIS MEASURE. HOWEVER, KNOWLEDGE OF THE LONG-TERM EFFECTS OF OIL POLLUTION IS NOT AVAILABLE AND THE FUTURE DEMANDS WITH REGARD TO CLEAN-UP METHODS AND COSTS CANNOT BE READILY FORESEEN. LIKEWISE, IT HAS NOT BEEN POSSIBLE WITHIN THE TIME AVAILABLE TO ASSESS WITH ANY ACCURACY THE ENVIRONMENTAL BENEFITS FROM RSBT.

(IV) THE SERIES OF LIMITED CASE STUDIES ON THE IMPLICATIONS OF RSBT AND CBT ON THE FISHING AND TOURISM INDUSTRIES IN THREE COASTAL AREAS DID NOT FIND THAT UNCLASSIFIED

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THERE WERE ANY DEMONSTRABLE ECONOMIC BENEFITS IN THESE AREAS IN THE SHORT TERM RESULTING FROM THE REDUCTION OF OPERATIONAL OIL POLLUTION OF THE SEA, ALTHOUGH THEIR CONCLUSIONS CANNOT BE GENERALIZED WITHOUT CONSIDERABLE RESERVATIONS. IT SHOULD ALSO BE NOTED THAT THE IMPACT OF POSSIBLE MALOPERATION HAS TO BE EVALUATED.

(V) RSBT WOULD HAVE BENEFICIAL EFFECTS OF THE GREATEST IMPORTANCE FOR THE SHIPBUILDING SECTOR SINCE IT COULD HASTEN, BY SEVERAL YEARS, A RETURN TO EQUILIBRIUM IN THE SHIPBUILDING MARKET; IN THE PRESENT DISTURBED SITUATION WORKING PARTY NO. 6 OF THE COUNCIL ON SHIPBUILDING COULD NOT IDENTIFY ANY OTHER MEASURE WHICH WOULD BE LIKELY TO HAVE A SIMILAR EFFECT.

(VI) RSBT WOULD ADVANCE THE POINT OF MARKET EQUILIBRIUM IN TANKER SHIPPING BY BETWEEN 1 AND 2 YEARS PROVIDED IT COULD BE SWIFTLY IMPLEMENTED AND CONSEQUENTLY ASSIST THE BULK CARRIER SITUATION. HOWEVER, IT WOULD WEIGH HEAVILY, DUE TO THE NON-NEGLIGIBLE NECESSARY INVESTMENT COSTS, ON THE FINANCIAL SITUATION OF SHIPOWNERS WHO AT PRESENT ARE SERIOUSLY AFFECTED

BY THE CRISIS IN THE FREIGHT MARKET AND WOULD POSE A
NUMBER OF COMPLICATED LEGAL AND ECONOMIC QUESTIONS.

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(VII) IF THE COSTS WERE PASSED ON TO THE CONSUMER
VIA HIGHER PRICES THE GREAT MAJORITY OF THE NET COST
IN ABSOLUTE TERMS WOULD FALL ON THE OIL IMPORTING
COUNTRIES, WITH THE UNITED STATES BEARING THE GREATEST
SINGLE SHARE. THE AVERAGE INCREASE IN THE CIF COST OF
OIL WOULD BE OF THE ORDER OF 1-2 PER CENT DEPENDING ON
THE STATE OF THE FREIGHT MARKET.

D) DEDICATED CLEAN BALLAST TANKS

(VIII) THE INTRODUCTION OF THE CBT SYSTEM AS AN
INTERIM MEASURE WOULD ASSIST THE MORE EQUITABLE PHASING
IN OF RSBT, WOULD GREATLY REDUCE THE DISTORTION OF
COMPETITION AMONG SHIPOWNERS, AND WOULD ENABLE THE
IMPLEMENTATION OF THIS MEASURE TO BE UNDERTAKEN MORE
EASILY AND MORE SWIFTLY. IT SHOULD NOT, FOR ENVIRON-
MENTAL REASONS, BE REGARDED AS AN ALTERNATIVE TO SBT
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AND IT IS EXPECTED THAT OLDER TANKERS WOULD BECOME OBSOLESCENT AT AN EARLIER DATE AS A RESULT.

(IX) WHILE RECOGNIZING THE POSITIVE EFFECT OF RSBT ON SHIPPING AND SHIPBUILDING, THE AD HOC WORKING PARTY WAS UNABLE TO REACH ANY OVERALL CONCLUSION ON WHETHER THE ADOPTION OF RSBT SHOULD BE RECOMMENDED TO THE IMCO PLENIPOTENTIARY CONFERENCE ON TANKER SAFETY AND POLLUTION PREVENTION IN FEBRUARY 1978. IT CONSIDERED THAT THE EVALUATION OF THE RELATIVE WEIGHT TO BE PLACED UPON THE VARIOUS ELEMENTS IN THE ECONOMIC CALCULATION MUST BE LEFT TO THE INDIVIDUAL COUNTRIES CONCERNED, DRAWING, AS APPROPRIATE, UPON THE ECONOMIC DATA ASSEMBLED IN THE VARIOUS STUDIES LAID BEFORE THEM. HOWEVER, IT WAS APPARENT THAT IF RSBT WAS ADOPTED INTERNATIONALLY, THE CBT CONCEPT SHOULD BE USED AS AN INTERIM MEASURE AND THAT THE MAXIMUM BENEFIT FOR SHIPPING AND SHIPBUILDING WOULD BE DERIVED FROM THE IMPLEMENTATION OF RSBT AND CBT ON AS SHORT A TIME SCALE AS POSSIBLE.

E) STRENGTHENING AND IMPLEMENTING CLASSIFICATION SOCIETIES' RULES AND SAFETY REGULATIONS

(X) THE CONTRIBUTION OF MEASURES SUCH AS INSPECTION AND CERTIFICATION, BACK-UP RADAR SYSTEMS, COLLISION AVOIDANCE EQUIPMENT, IMPROVED EMERGENCY STEERING EQUIPMENT AND THE RETROFITTING OF INERT GAS SYSTEMS, TO ALLEVIATE THE OIL CARRIER SURPLUS COULD NOT BE EVALUATED DUE TO TIME CONSTRAINTS AND THE DIFFICULTY OF ASSEMBLING DATA, BUT IT WAS RECOGNIZED THAT THEIR CONTRIBUTION WOULD MOST LIKELY BE MODEST EXCEPT POSSIBLY IN THE SMALLEST CATEGORY OF TANKERS.

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RECOMMENDATIONS

27. IN THE LIGHT OF THE FOREGOING CONCLUSIONS AND TAKING INTO ACCOUNT THAT THE PRESENT WORLD OVERCAPACITY IN OIL CARRIER TONNAGE WILL, UNDER EXISTING CIRCUMSTANCES, CONTINUE WELL INTO THE EIGHTIES AND TAKING ALSO INTO ACCOUNT THE PROBLEMS OF THE SHIPBUILDING INDUSTRY, THE AD HOC WORKING PARTY MAKES THE FOLLOWING RECOMMENDATIONS. THESE RECOMMENDATIONS MUST BE CONSIDERED BEARING IN MIND THAT THE DECISION ON WHETHER TO INTRODUCE RSBT BY MEANS OF AN INTERNATIONAL INSTRUMENT WILL

BE TAKEN AT THE IMCO INTERNATIONAL CONFERENCE ON TANKER
SAFETY AND POLLUTION PREVENTION IN FEBRUARY 1978,
AFTER THE TERMINATION OF THE WORKING PARTY'S MANDATE.

1) THE ORGANIZATION, AS A WHOLE, SHOULD NOT EXPRESS
ITSELF AS IN FAVOR OR OPPOSED TO RSBT. HOWEVER, THE
ORGANIZATION SHOULD EXPRESS TO THE CONFERENCE THAT IF
RSBT IS TO BE INTRODUCED THIS SHOULD BE COMBINED WITH
CBT AS AN INTERIM MEASURE. FURTHERMORE, MEMBER GOVERN-
MENTS SHOULD SEEK TO ENSURE THAT WHEN DECISIONS ON THE
SUBJECT ARE TAKEN BY THE IMCO CONFERENCE, THEY SHOULD
BE MADE ON A WIDE TRANS-SECTORAL BASIS IN FULL COGNI-
SANCE OF IMPLICATIONS NOT ONLY FOR SHIPPING BUT ALSO
FOR THE MARINE ENVIRONMENT, SHIPBUILDING, FINANCIAL
INSTITUTIONS AND THE SECURITY OF ENERGY SUPPLY AND
CONSUMER INTERESTS, TAKING ACCOUNT OF THE MATERIAL WHICH
THE WORKING PARTY HAS ASSEMBLED.

2) AT A SUITABLE INTERVAL AFTER THE TERMINATION OF THE
IMCO CONFERENCE, THE COUNCIL SHOULD CONSIDER WHETHER
NEW FACTORS HAD ARISEN WHICH WOULD JUSTIFY THE CONVEN-
ING OF A FURTHER SESSION OF THE AD HOC HIGH LEVEL
MEETING.

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3) IF RSBT IS ADOPTED BY THE IMCO CONFERENCE, THE COUNCIL OF THE OECD MAY WISH TO CONSIDER WHETHER THE OECD SHOULD CONTRIBUTE TO THE IMPLEMENTATION OF THIS MEASURE PARTICULARLY BY CONSIDERATION OF:

A) POSSIBLE FINANCIAL ASSISTANCE AND/OR GUARANTEES TO COVER CONVERSION AND OTHER INITIAL COSTS INCURRED AS A RESULT OF THE REQUIREMENTS,

B) THE HANDLING OF PERIOD CHARTER PARTIES AND OTHER LEGAL COMMITMENTS, TO MINIMIZE THE DISLOCATION OF COMMERCIAL RELATIONSHIPS,

C) PRINCIPLES THAT MIGHT BE AGREED CONCERNING THE MOST EQUITABLE DISTRIBUTION OF THE COSTS OF THE MEASURES.

4) IN VIEW OF THE DESIRABILITY OF ASSISTING THE UNCLASSIFIED

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AMELIORATION OF THE SHIPPING AND SHIPBUILDING SITUATION, THOSE MEASURES WHICH WERE NOTED BY THE AD HOC HIGH LEVEL MEETING IN CES/77.22 ANNEX I, PARAGRAPH 3 (III) AS BEING WORTHY OF EXAMINATION BUT OF LOWER PRIORITY MIGHT USEFULLY BE RECONSIDERED AS A WHOLE BY THE APPROPRIATE BODIES OF THE ORGANIZATION TO DETERMINE WHETHER THERE MAY BE ANY POSSIBILITY OF A HARMONIZED APPROACH TO THEM BY MEMBER COUNTRIES, ESPECIALLY IF RSBT/CBT IS NOT ADOPTED BY THE IMCO CONFERENCE.

5) THE THREE ENVIRONMENTAL CASE STUDIES SHOULD, AFTER REVIEW BY THEIR AUTHORS, BE DE-RESTRICTED FOR TRANSMISSION TO THE MARINE ENVIRONMENT PROTECTION COMMITTEE OF IMCO, AND, IN VIEW OF THE GAPS IN INFORMATION THAT THEY HAVE REVEALED, THE APPROPRIATE BODIES OF THE OECD SHOULD CONSIDER WHETHER LONG-TERM PROJECTS SHOULD BE INITIATED TO PROVIDE A FIRMER ECONOMIC BASIS FOR MARINE OIL POLLUTION STUDIES.

6) THE WORK CONCERNING THE IMPLEMENTATION OF SAFETY STANDARDS, IN ACCORDANCE WITH COUNCIL RECOMMENDATION C(77)117(FINAL) CONCERNING SUBSTANDARD SHIPS, SHOULD BE ACTIVELY PURSUED WITHIN THE MARITIME TRANSPORT COMMITTEE.

II - COMMENT.

THE FOREGOING CONCLUSIONS AND RECOMMENDATIONS ARE THE PRODUCT OF CONSIDERABLE DEBATE AND SUBSEQUENT COMPROMISE. IN MOST CASES U.S., SWEDEN, NORWAY AND GREECE WERE IN AGREEMENT AS OPPOSED TO POSITIONS OF UK, NETHERLANDS,

AND FRG. FOR EXAMPLE, LANGUAGE IN PARA 26 IV "IN THESE
AREAS IN THE SHORT TERM" WAS ADOPTED AT INSISTENCE OF
US DEL IN ATTEMPT TO MINIMIZE EFFORTS TO DRAW MAJOR
POLICY CONCLUSIONS FROM THIS CONTROVERSIAL REPORT.
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SWEDEN AND NORWAY SUPPORTED THIS POSITION. HOWEVER,
US DEL WAS ALONE IN INSISTING THAT (A) AND (C) OF
PARA 3 (RECOMMENDATIONS) BE DELETED. SUB-PARAS (A) AND
(C) RECOMMEND FUTURE OECD WORK IN AREAS OF FINANCIAL
ASSISTANCE AND/OR GUARANTEES AND EQUITABLE DISTRIBUTION
OF COSTS FOR CBT/SBT CONVERSION.
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Draft Date: 26 jan 1978
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